

OFFICE OF THE STATE CONTROLLER

STATE MANDATED COSTS CLAIMING INSTRUCTIONS NO. 99-10

ANNUAL INSTRUCTIONS--LOCAL AGENCIES

Section 17561 of the Government Code provides for the reimbursement of state mandated costs. Enclosed is information for updating the Mandated Cost Manual for Cities, Counties, or Special Districts. The manual contains all forms and instructions that are necessary for local agencies to file 1999-2000 annual claims with the State Controller's Office.

Estimated claims for costs to be incurred during the 1999-2000 fiscal year and reimbursement claims that detail the costs actually incurred in the 1998-99 fiscal year must be filed with the State Controller's Office. Claims must be delivered or postmarked on or before January 18, 2000. If the claim is filed after the deadline, but by January 15, 2001, the approved claim will be reduced by a late penalty of 10%, not to exceed \$1,000. In order for a claim to be considered properly filed, the claim must include supporting documentation specified in the instructions to substantiate the costs claimed. In addition, the claimant must explain the functions performed by each employee for whom costs were claimed. Claims will not be accepted if filed more than one year after the deadline, or without supporting documentation.

The fiscal years for which costs can be claimed for a mandated cost program are shown on pages 3 and 4 under "Reimbursable State Mandated Cost Programs." Amounts appropriated for payment of program costs are shown on pages 5 and 6 under "Appropriations for State Mandated Cost Programs--1999-2000 Fiscal Year." To prepare 1999-2000 estimated claims and 1998-99 reimbursement claims, forms in the manual should be duplicated to meet the county's filing requirements.

Claim amounts should be rounded to the nearest dollar. For each program, submit a signed original and a copy of form FAM-27, and a copy of all other forms and supporting documents, to:

Address, if delivery by:
U.S. Postal Service

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
P.O. Box 942850
Sacramento, CA 94250

Address, if delivery by:
Other delivery services

Office of the State Controller
Attn: Local Reimbursements Section
Division of Accounting and Reporting
3301 C Street, Suite 500
Sacramento, CA 95816

MINIMUM CLAIM COST

Government Code section 17564(a) provides that no claim or payment shall be made pursuant to section 17561 unless such a claim exceeds \$200 per program per fiscal year. However, any county, as a fiscal agent, may submit a combined claim in excess of \$200 on behalf of special districts within the county, even if an individual district's claim does not exceed two hundred dollars (\$200). A combined claim must show the individual claim costs for each special district. Once a combined claim is filed, all subsequent fiscal years relating to the same mandate must similarly be filed in a

combined form. The county is responsible for disbursing funds to each participating district. A special district may withdraw from the combined claim form by providing the county and the State Controller's Office with a written notice of its intent to file a separate claim, at least 180 days prior to the filing deadline for filing the claim.

ESTIMATED CLAIMS

Unless otherwise specified in the claiming instructions, claimants do not have to provide cost schedules and supporting documents with the estimated claim if the estimated amount does not exceed the prior fiscal year's actual costs by more than 10%. The claimant can simply enter the estimated amount on form FAM-27, line (07). However, if the estimated claim exceeds the prior fiscal year's actual costs by more than 10%, the claimant must complete claim forms as specified for the program and explain the reason for increased costs. If the explanation to support the higher estimate is not provided with the claim, the claim will automatically be adjusted to 110% of the prior fiscal year's actual costs.

1999-2000 PROGRAM UPDATES

Ch. 486/75 Mandate Reimbursement Process

Ch. 486/75, Mandate Reimbursement Process, provides reimbursement for the cost of: (1) preparing and presenting successful test claims, and (2) preparing and submitting successful reimbursement claims to the State Controller's Office. With respect to preparing and submitting claims to the State Controller's Office, the 1999 State Budget Act (Ch. 50, Statutes of 1999), imposed in the 1999-2000 fiscal year the same limitations as those imposed in the 1995-96, 1996-97, 1997-98, and 1998-99 fiscal years. Limitations on reimbursement for independent contractor costs are as follows:

"If a local agency or school district contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency.

The maximum amount of reimbursement provided (in the above provision) may be exceeded only if the local agency or school district establishes, by appropriate documentation, that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the local agency or school district."

In addition, the Commission on State Mandates removed the \$90 hourly rate cap on contracted services, and provides reimbursement for the cost of participation in workshops convened by the Commission. The Controller's Office will reimburse contracted service costs that are determined to be reasonable and not excessive.

Updates of Rates and Factors

The following are rates to be used for filing 1998-99 reimbursement claims. The 1998-99 rates are computed by adjusting the 1997-98 rates by changes in the Implicit Price Deflator (IPD) as determined by the State Department of Finance's report of July 29, 1999, *National Deflators, State and Local Purchases*. The estimated change in the IPD for 1998-99 is 1.6%. For preparing the 1999-2000 estimated claims, districts may use the program's 1998-99 rate or increase the 1998-99 rate by the estimated 1999-2000 IPD change of 2.3% to determine 1999-2000 estimated claim amounts.

Senior Citizens' Property Tax Postponement, Ch. 1242/77 -- Counties with an established base year entitlement will receive an automatic payment through the State Mandates Apportionment System (See page 5 of the manual). The amount of increase for the 1998-99 apportionment is 1.6%. Counties without an established base year entitlement may file a 1998-99 reimbursement claim. The 1998-99 unit cost reimbursement rate for each document processed is \$10.72.

Unitary Countywide Tax Rate, Ch. 921/87 -- The 1998-99 Implicit Price Deflator factor for adjusting the 1987-88 base year cost is 1.338.

REIMBURSABLE STATE MANDATED COSTS PROGRAMS

Local agencies may file claims with the State Controller's Office for the cost of complying with the following State mandated programs. The letters "a", "b", "c", or "d", indicate the program and fiscal year that the local agency type may file a claim. The appropriations available to the State Controller's Office for paying 1999-2000 claims are displayed in the schedule on pages 5 and 6, "Appropriations for State Mandated Cost Programs--1999-2000 Fiscal Year." Appropriations available to pay 1998-99 claims are displayed in last year's claiming instructions under this same schedule.

"a" indicates that the program is applicable to cities, counties and special districts.

"b" indicates that the program is applicable to cities and counties.

"c" indicates that the program is applicable to counties only.

"d" indicates that the program is applicable to cities only.

1998-99 Reimburse- ment Claim	1999-00 Estimated Claim	
a	a	Chapter 486/75 Mandate Reimbursement Process
c	c	Chapter 694/75 Developmentally Disabled: Attorney's Services
c	c	Chapter 1399/76 Child Abduction and Recovery
c	c	Chapter 498/77 Coroners
c	c	Chapter 1242/77 Senior Citizens Property Tax Postponement
a	a	Chapter 77/78 Absentee Ballots
c	c	Chapter 991/79 MDSO Recommitment

REIMBURSABLE STATE MANDATED COSTS PROGRAMS--Continued

1998-99 Reimburse- ment Claim	1999-00 Estimated Claim			
-	-	Chapter	1114/79	Not Guilty by Reason of Insanity ¹
c	c	Chapter	1253/80	Mentally Retarded Representation
c	c	Chapter	1304/80	Conservatorships: Mentally Disabled Adults
b	b	Chapter	1143/80	Regional Housing Needs Assessment
c	c	Chapter	102/81	Medi-Cal Beneficiary Death Notices
c	c	Chapter	1422/82	Permanent Absentee Voters
d	-	Chapter	1490/84	Business Tax Reporting Requirements ²
a	a	Chapter	1568/82	Firefighters' Cancer Presumption
c	c	Chapter	1747/84	Services to Handicapped Students
a	a	Chapter	641/86	Open Meetings Act
c	c	Chapter	921/87	Unitary Countywide Tax Rates
a	a	Chapter	391/88	Brendon Maguire Act
b	b	Chapter	1088/88	Search Warrant: AIDS
c	c	Chapter	1597/88	AIDS Testing
c	c	Chapter	955/89	SIDS Autopsies
a	a	Chapter	1111/89	SIDS Training for Firefighters
a	a	Chapter	1171/89	Peace Officers' Cancer Presumption
c	c	Chapter	1200/89	Pesticide Use Reports
b	b	Chapter	337/90	Stolen Vehicle Notifications
c	c	Chapter	1603/90	Perinatal Services
c	c	Chapter	268/91	SIDS Contact By Local Health Officers
b	b	Chapter	820/91	Prisoner Parental Rights
b	b	Chapter	999/91	Rape Victims Counseling Center Notices
b	b	Chapter	183/92	Domestic Violence Treatment Services
c	c	Chapter	697/92	Allocation of Property Tax Revenue
b	b	Chapter	961/92	Pacific Beach Safety
b	b	Chapter	1105/92	Booking and Fingerprinting
a	a	Chapter	1249/92	Threats Against Peace Officers
a	a	Chapter	644/94	Airport Land Use Commission/Plans
b	b	Chapter	1297/94	Two-way Traffic Signal Communication
b	b	Chapter	246/95	Domestic Violence Arrest Policies & Standards
c	c	Chapter	411/95	Crime Victims' Rights
c	c	Chapter	762/95	Sexually Violent Predators
a	a	Chapter	783/95	Investment Reports

¹ Counties must first submit claims for reimbursement with the California Department of Mental Health (CDMH) under Welfare and Institution Code Section 4117. To the extent claimants cannot be reimbursed through Section 4117 because the Department's appropriation is exhausted and no deficiency is authorized pursuant to the Budget Act or other statutory provisions, or CDMH standards do not allow reimbursement such as for exceptional costs, the unpaid balance may be claimed through the State Controller's Office.

² No 1999-2000 fiscal year claim shall be filed. This program was made optional pursuant to Government Code Section 17581.

APPROPRIATIONS FOR STATE MANDATED COST PROGRAMS--1999-2000 FISCAL YEAR

Source of State Mandated Cost Appropriations	Amounts Appropriated to State Controller
---	---

1999 State Budget Act (Chapter 50/99)

Mandated Programs

Item 0820-295-0001 Department of Justice	
Ch. 1399/76 Child Abduction and Recovery	\$9,909,000
Ch. 337/90 Stolen Vehicle Notification	342,000
Ch. 1105/92 Misdemeanors: Booking/Fingerprinting	964,000
Item 0890-295-0001 Secretary of State	
Ch. 77/78 Absentee Ballots	6,111,000
Ch. 391/88 Brendon Maguire Act	1,000
Ch. 704/75 Registration By Mail	1,416,000
Ch. 1422/82 Permanent Absentee Voters	325,000
Item 2240-295-0001 Department of Community and Housing Development	
Ch. 1143/80 Regional Housing Needs Assessments	850,000
Item 4260-295-0001 Department of Health Services	
Ch. 268/91 Sudden Infant Death Syndrome: Contact By Health Services	325,000
Ch. 961/92 Pacific Beach Safety	71,000
Ch. 955/89 Sudden Infant Death Syndrome: Autopsies	1,869,000
Ch. 1088/88 AIDS Search Warrants	899,000
Ch. 102/81 Medi-Cal Beneficiary Death Notices	100,000
Ch. 1597/88 AIDS Testing	1,241,000
Ch. 1603/90 Perinatal Services	2,524,000
Item 4300-295-0001 Department of Developmental Services	
Ch. 644/80 Judicial Proceedings	87,000
Ch. 694/75 Attorney Services for Developmentally Disabled	189,000
Ch. 1253/80 Mentally Retarded Representation	107,000
Ch. 1304/80 Conservatorships: Developmentally Disabled Adults	103,000
Item 4440-295-0001 Department of Mental Health	
Ch. 498/77 Coroners	105,000
Ch. 991/79 Mentally Disordered Sex Offenders: Recommitment	185,000
Ch. 1114/79 Not Guilty By Reason of Insanity	291,000

APPROPRIATIONS FOR STATE MANDATED COST PROGRAMS--1999-2000 FISCAL YEAR--Continued

Source of State Mandated Cost Appropriations	Amounts Appropriated to State Controller
Item 4440-295-0001 Department of Mental Health (continued)	
Ch. 1747/84 Services to Handicapped Students	38,600,000
Item 5240-295-0001 Department of Corrections	
Ch. 820/91 Prisoner Parental Rights	1,958,000
Item 5430-295-0001 Board of Corrections	
Ch. 221/93 Domestic Violence Treatment Program Approvals ¹	717,000
Item 8100-295-0001 Office of Criminal Justice Planning	
Ch.1249/92 Threats Against Peace Officers	5,000
Ch. 411/95 Crime Victims' Rights	785,000
Item 8350-295-0001 Department of Industrial Relations	
Ch. 1171/89 Peace Officers' Cancer Presumption	728,000
Ch. 1568/82 Firefighters' Cancer Presumption	700,000
Item 9100-295-0001 Tax Relief	
Ch. 1242/77 Senior Citizens' Property Tax Postponement	271,000
Ch. 921/87 Countywide Tax Rates	368,000
Ch. 697/92 Allocation of Property Tax Revenue	362,000
Item 9210-295-0001 Local Government Financing	
Ch. 486/75 Test Claims and Reimbursement Claims	2,955,000
Ch. 641/86 Open Meetings Act	2,896,000
Ch. 999/91 Rape Victims Counseling Center Notices	<u>150,000</u>
TOTAL--Funding for the 1999-2000 Fiscal Year	<u>\$78,509,000</u>

¹ No claims shall be filed for Ch. 221/93, Domestic Violence Treatment Program Approvals. This program was repealed on 1-1-96.

NEW CLAIMING INSTRUCTIONS ON THE HORIZON

The following programs were successful with the Test Claim process at the Commission on State Mandates. Parameters and guidelines (P's & G's) for these programs have recently been adopted, or are pending adoption at the Commission on State Mandates. This office will issue the program's reimbursement claiming instructions on the Controller's web site

www.sco.ca.gov/ard/local/locreim/index/htm within 60 days of receiving the P's and G's from the Commission. Programs are as following:

- Child Abduction and Recovery, Ch. 1399/76 (Amended P's & G's)
- Nonprofit, Special Use Property Requirements, Ch. 7/92
- Very High Fire Hazard Severity Zones, Ch. 1188/92
- Domestic Violence Incident Reporting and Training, Ch. 965/95

PROGRAMS SUSPENDED FOR THE 1999-2000 FISCAL YEAR

Pursuant to Government Code Section 17581, the following state mandated programs are identified in the 1999 State Budget Act (Ch 50/99), with a \$0 appropriation by the Legislature. The following state mandated programs have been suspended for the 1999-2000 fiscal year, and no 1999-2000 claim shall be filed:

- Ch. 238/74 Substandard Housing
- Ch. 1131/75 Mineral Resource Policies
- Ch. 1330/76 Local Coastal Program
- Ch. 1357/76 Guardianship and Conservatorship Filings
- Ch. 1401/76 Voter Registration Roll Purge
- Ch. 1123/77 Adult Felony Restitution
- Ch. 845/78 Filipino Employee Survey
- Ch. 815/79 Short-Doyle Case Management
- Ch. 494/79 Handicapped Voter Access
- Ch. 1032/80 Deaf Teletype Equipment
- Ch. 1281/80 Involuntary Lien Notices
- Ch. 332/81 Victims Statement-Minors
- Ch. 889/81 Lis Pendens
- Ch. 1013/81 Local Elections: Consolidations
- Ch. 1051/83 Senior Citizens Mobilehome Property Tax Deferral
- Ch. 980/84 Court Audits and Proration of Fines
- Ch. 1327/84 Short-Doyle Audits
- Ch. 1490/84 Business Tax Reporting Requirements
- Ch. 1609/84 Domestic Violence Information
- Ch. 1042/85 Election Materials
- Ch. 1352/85 Residential Care Services
- Ch. 48/87 Property Taxation: Family Transfers
- Ch. 1334/87 CPR Pocket Masks
- Ch. 8/88 Democratic Presidential Delegates
- Title 8, CCR Personal Alarm Devices (Section 3401 (c))
- Title 8, CCR Structural & Wildland Firefighters Clothing and Equipment (Sections 3401-3410)

AUDIT OF COSTS

All claims submitted to the State Controller's Office are reviewed to determine if costs are related to the mandate, costs are reasonable and not excessive, and the claim was prepared in accordance with the claiming instructions. If any adjustments are made to a claim, a "Notice of Claim Adjustment" will be mailed within 30 days after payment of the claim. The notice will specify the claim component adjusted, the amount adjusted, and the reason for the adjustment.

On-site audits will be conducted by the State Controller's Office as deemed necessary. Accordingly, documentation to support actual costs claimed must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended. Claim documentation shall be made available to the State Controller's Office on request.

RETENTION OF CLAIMING INSTRUCTIONS

Claiming instructions and forms in this package should be retained permanently in the Mandated Cost Manual for future reference and use in filing claims. The forms should be duplicated to meet your filing requirements. Each year, the State Controller's Office will place on its web site updated forms and any other information or instructions claimants may need to file claims. Each vertical line next to the page margin indicates the place where a revision was made to the instructions or form. When the costs of a new program are claimable, instructions to claim these costs will be placed on the web site for claimants.

If you have any questions concerning mandated cost reimbursements, please write to us at the address listed for filing claims, e-mail to jyee@sco.ca.gov, or call the Local Reimbursements Section at (916) 323-3258.

**MANDATED COST MANUALS
REVISION
OCTOBER 1999**

REMOVE

INSERT

For Counties

State Mandated Cost Programs, pages 47
and 48 (Revised 10/98)

State Mandated Cost Programs, pages 47
and 48 (Revised 10/99)

Ch. 486/75 Mandate Reimbursement Process,
pages 1 through 6 (Revised 9/97)

Ch. 486/75 Mandate Reimbursement Process,
pages 1 through 6 (Revised 10/99)

Ch. 1242/77, Sr. Citizen Property Tax Deferral,
form SCPT-1 (Revised 10/98)

Ch. 1242/77, Sr. Citizen Property Tax Deferral,
form SCPT-1 (Revised 10/99)

Ch. 921/87, Unitary Countywide Tax Rate,
form CTR-1 (Revised 10/98)

Ch. 921/87, Unitary Countywide Tax Rate,
form CTR-1 (Revised 10/99)

For Cities

State Mandated Cost Programs, page 47
(Revised 10/98)

State Mandated Cost Programs, page 47
(Revised 10/99)

Ch. 486/75 Mandate Reimbursement Process,
pages 1 through 6 (Revised 9/97)

Ch. 486/75 Mandate Reimbursement Process,
pages 1 through 6 (Revised 10/99)

For Special Districts

State Mandated Cost Programs, page 47
Revised 10/98)

State Mandated Cost Programs, page 47
(Revised 10/99)

Ch. 486/75 Mandate Reimbursement Process,
pages 1 through 6 (Revised 9/97)

Ch. 486/75 Mandate Reimbursement Process,
pages 1 through 6 (Revised 10/99)

STATE MANDATED COST PROGRAMS -- COUNTIES

The following is a listing of mandated cost programs included in this manual. The programs are arranged in chapter order by statute year (i.e., Chapter 486, Statutes of 1975, is represented as Chapter 486/75). In instances where more than one chapter/statute is shown for a mandated program, the earliest chapter/statute identifies its place in the manual.

Chapter 486/75	Mandate Reimbursement Process
Chapter 694/75	Developmentally Disabled: Attorneys' Services
Chapter 1399/76	Child Abduction and Recovery
Chapter 498/77	Coroners
Chapter 1242/77	Senior Citizens Property Tax Postponement
Chapter 77/78	Absentee Ballots
Chapter 913/79	Domestic Violence Diversion Program Close Out
Chapter 991/79	MDSO Recommitments
Chapter 1114/79	Not Guilty by Reason of Insanity
Chapter 1143/80	Regional Housing Need Determination
Chapter 1253/80	Mentally Retarded Defendants: Diversion
Chapter 1304/80	Conservatorship: Developmentally Disabled Adults
Chapter 102/81	Medi-Cal Beneficiary Death Notices
Chapter 1422/82	Permanent Absentee Voters
Chapter 1568/82	Firefighters Cancer Presumption
Chapter 1747/84	Services to Handicapped Students
Chapter 641/86	Open Meetings Act
Chapter 921/87	Unitary Countywide Tax Rate
Chapter 391/88	Brendon Maguire Act
Chapter 1088/88	Search Warrant: AIDS
Chapter 1597/88	AIDS Testing
Chapter 955/89	Sudden Infant Death Syndrome: Autopsies
Chapter 1111/89	Sudden Infant Death Syndrome: Training for Firefighters
Chapter 1171/89	Peace Officers' Cancer Presumption
Chapter 1200/89	Pesticide Use Reports
Chapter 337/90	Stolen Vehicles Notification
Chapter 1603/90	Perinatal Services

(Revised 10/99)

STATE MANDATED COST PROGRAMS -- COUNTIES (continued)

Chapter 268/91	SIDS: Contact By Local Health Officer	
Chapter 820/91	Prisoner Parental Rights	
Chapter 999/91	Rape Victim Counseling Center Notices	
Chapter 183/92	Domestic Violence Treatment Services-Authorization and Case Management	
Chapter 697/92	Allocation of Property Tax Revenues: ERAF	
Chapter 961/92	Pacific Beach Safety	
Chapter 1105/92	Misdemeanors: Booking and Fingerprinting	
Chapter 1249/92	Threats Against Peace Officers	
Chapter 221/93	Domestic Violence Treatment Program	
Chapter 644/94	Airport Land Use Commission/Plans	
Chapter 1297/94	Two-Way Traffic Signal Communication	
Chapter 246/95	Domestic Violence Arrest Policies and Standards	
Chapter 411/95	Crime Victims' Rights	
Chapter 762/95	Sexually Violent Predators	
Chapter 783/95	Investment Reports	

(Revised 10/99)

STATE MANDATED COST PROGRAMS -- CITIES

The following is a listing of mandated cost programs included in this manual. The programs are arranged in chapter order by statute year (i.e., Chapter 486, Statutes of 1975, is represented as Chapter 486/75). In instances where more than one chapter/statute is shown for a mandated program, the earliest chapter/statute identifies its place in the manual.

Chapter 486/75 Mandate Reimbursement Process

Chapter 77/78 Absentee Ballots

Chapter 1143/80 Regional Housing Need Determination

Chapter 1568/82 Firefighters Cancer Presumption

Chapter 1490/84 Business Tax Reporting Requirements

Chapter 641/86 Open Meetings Act

Chapter 391/88 Brendon Maguire Act

Chapter 1088/88 Search Warrent: AIDS

Chapter 1111/89 Sudden Infant Death Syndrome: Training for Firefighters

Chapter 1171/89 Peace Officers' Cancer Presumption

Chapter 337/90 Stolen Vehicles Notification

Chapter 820/91 Prisoner Parental Rights

Chapter 999/91 Rape Victim Counseling Center Notices

Chapter 183/92 Domestic Violence Treatment Services-Authorization and Case Management

Chapter 961/92 Pacific Beach Safety

Chapter 1105/92 Misdemeanors: Booking and Fingerprinting

Chapter 1249/92 Threats Against Peace Officers

Chapter 644/94 Airport Land Use Commission/Plans

Chapter 1297/94 Two-Way Traffic Signal Communication

Chapter 246/95 Domestic Violence Arrest Policies and Standards

Chapter 783/95 Investment Reports

(Revised 10/99)

STATE MANDATED COST PROGRAMS -- SPECIAL DISTRICTS

The following is a listing of mandated cost programs included in this manual. The programs are arranged in chapter order by statute year (i.e., Chapter 486, Statutes of 1975, is represented as Chapter 486/75). In instances where more than one chapter/statute is shown for a mandated program, the earliest chapter/statute identifies its place in the manual.

Chapter 486/75 Mandate Reimbursement Process

Chapter 77/78 Absentee Ballots

Chapter 1143/80 Regional Housing Need Determination

Chapter 1568/82 Firefighters Cancer Presumption

Chapter 641/86 Open Meetings Act

Chapter 391/88 Brendon Maguire Act

Chapter 1111/89 Sudden Infant Death Syndrome: Training for Firefighters

Chapter 1171/89 Peace Officers' Cancer Presumption

Chapter 1249/92 Threats Against Peace Officers

Chapter 644/94 Airport Land Use Commission/Plans

Chapter 783/95 Investment Reports

(Revised 10/99)

Mandate Reimbursement Process

1. Summary of Chapter 486/75 and 1459/84

Chapter 486, Statutes of 1975, established the Board of Control's authority to hear and make determinations on claims submitted by local governments that allege costs mandated by the State. In addition, Chapter 486/75 contains provisions authorizing the State Controller's Office to receive, review, and pay reimbursement claims for mandated costs submitted by local governments.

Chapter 1459, Statutes of 1984, created the Commission on State Mandates, which replaced the Board of Control with respect to hearing mandated cost claims. This law established the "sole and exclusive procedure" by which a local agency is allowed to claim reimbursement as required by Section 6 of Article XIII B of the California Constitution for State Mandates under Government Code Section 17552.

Together these laws establish the process by which local agencies are to receive reimbursement for state mandated programs. As such, they prescribe the procedures that must be followed before mandated costs are to be recognized. They also dictate reimbursement activities by requiring local agencies to file claims according to instructions issued by the State Controller's Office.

On March 27, 1986, the Commission on State Mandates determined that Chapter 486, Statutes of 1975, and Chapter 1459, Statutes of 1984, resulted in state mandated costs that are reimbursable pursuant to Part 7 (commencing with Government Code Section 17500) of Division 4 of Title 2.

2. Eligible Claimants

Any city, county, city and county, and special district that incurs increased costs as a direct result of this mandate is eligible to claim reimbursement of these costs.

3. Appropriations

These claiming instructions are issued following the adoption of the program's parameters and guidelines by the Commission on State Mandates. To determine if funding is available for the current fiscal year refer to the schedule, "Appropriations for State Mandated Cost Programs" in the "Annual Claiming Instructions for State Mandated Costs" issued in October of each year to fiscal officers, administrators of special districts, and county auditors.

4. Types of Claims

A. Reimbursement and Estimated Claims

A claimant may file a reimbursement and/or estimated claim. A reimbursement claim details the costs actually incurred for a prior fiscal year. An estimated claim shows the costs to be incurred for the current fiscal year.

B. Minimum Claim

A claim for reimbursement or an estimate must exceed \$200 per year. However, a county as fiscal agent for the special district, may submit a combined claim in excess of \$200 on behalf of districts within the county even if the individual district's claim does not exceed \$200. The combined claim must show the individual claim costs for each district. Once a combined claim is filed, all subsequent claims for the same mandate must be filed in a combined form. A local agency may withdraw from the combined claim form by providing a written notice to the county and the State Controller's Office, of its intent to file a separate claim at least 180 days prior to the deadline for filing a claim.

5. Filing Deadline

- A. Refer to item 3 "Appropriations" to determine if the program is funded for the current fiscal year. If funding is available, an estimated claim must be filed with the State Controller's Office and postmarked by January 15 of the fiscal year in which costs are to be incurred. Timely filed estimated claims will be paid before late claims.
- B. After having received payment for an estimated claim, the claimant must file a reimbursement claim by January 15 of the following fiscal year regardless whether the payment was more or less than the actual costs. If the agency fails to file a reimbursement claim, monies received must be returned to the State. If no estimated claim was filed, the agency may file a reimbursement claim detailing the actual costs incurred for the fiscal year, provided there was an appropriation for the program for that fiscal year. (See item 3 above).

A reimbursement claim detailing the actual costs must be filed with the State Controller's Office and postmarked by January 15 following the fiscal year in which the costs were incurred. If the claim is filed after the deadline but by January 15 of the succeeding fiscal year, the approved claim will be reduced by a late penalty of 10%, not to exceed \$1,000. Claims filed more than one year after the deadline will not be accepted.

6. Reimbursable Activities

Eligible claimants will be reimbursed for costs incurred in the filing of successful test claims and reimbursement claims. The purpose of a test claim is to establish that local governments (counties, cities, school districts, special districts, etc.,) cannot be made financially whole unless all state mandated costs, both direct and indirect, are reimbursed. Since local costs would not have been incurred for test claims and reimbursement claims but for implementing state imposed mandates, all resulting costs are recoverable.

A. Test Claims

All costs of successful test claims presented to the Commission on State Mandates are reimbursable, including unsuccessful test claims if an adverse Commission ruling is later reversed as a result of a court order. The following costs would be reimbursable:

Accumulated costs (current and prior years) for presenting a test claim which was successful shall be claimed in the fiscal year in which the Commission determines a reimbursable mandate exists for the program. After a successful test claim, costs incurred for developing parameters and guidelines, and necessary cost data for the program shall be claimed in the fiscal year in which costs were incurred.

(1) Preparing and Presenting Test Claims

The costs of preparing and presenting test claims to the Commission and the additional costs of litigation, if an unsuccessful test claim is later revised by a court order.

(2) Developing Parameters and Guidelines

The costs of developing parameters and guidelines for the successful test claim.

(3) Collection of Cost Data

The collection of cost data to determine the statewide impact of the successful test claim.

(4) Drafting Claiming Instructions

The costs of assisting the State Controller's Office in drafting the required claiming instructions.

B. Reimbursement Claims**(1) Preparation of the Claim**

All costs incurred for the preparation and submission of successful reimbursement claims to the State Controller's Office are claimable.

(2) Classes for Claim Preparation

The costs of attending classes designed to assist the claimant in identifying and correctly preparing the required documentation for a specific mandate are reimbursable. Allowable costs include, but are not limited to, salaries and benefits, transportation, registration fees and per diem.

Please note that costs of preparing and submitting reimbursement claims should be claimed in the fiscal year in which costs were incurred rather than in the fiscal year of the program cost.

For example, the initial filing deadline for Chapter 1117/84, Airport Land Use, for the increased costs incurred in the 1985/86 through 1988/89 fiscal years was May 15, 1990. The costs would be incurred in the 1989/90 fiscal year to prepare and file reimbursement claims for all four fiscal years. Therefore, the costs should be identified in the 1989/90 Mandate Reimbursement Process claim.

C. Incorrect Reduction Claims

If a claimant files a successful appeal with the Commission on State Mandates regarding the incorrect reduction of a claim and the Commission rules for the claimant, the following costs are reimbursable:

(1) Preparation of the Claim

All costs incurred for the preparation and submission of a claim to the State Controller's Office.

(2) Presentation to the Commission

The costs of presenting a successful incorrect reduction claim to the Commission.

Accumulated costs (current and prior years) to present a successful incorrect reduction claim shall be claimed in the fiscal year in which the Commission determined that the claim was incorrectly reduced.

7. Reimbursement Limitations

- A.** ~~Legal costs not exceeding \$90 per hour will be considered reimbursable, subject to proper documentation. Any amount exceeding \$90 per hour will be subject to review and subsequent approval by the State Controller.~~
- B.** Reimbursement limitation for independent contractor costs is detailed under Item 8.A.(3)(a) of these claiming instructions for the preparation and submission of reimbursement claims.
- C.** Any offsetting savings or reimbursement the claimant received from any source (e.g. federal, state grants, foundations, etc.) as a result of this mandate shall be identified and deducted so only net local costs are claimed.

8. Claiming Forms and Instructions

The diagram, "Illustration of Claim Forms," provides a graphical presentation of forms required to be filed with a claim. A claimant may submit a computer generated report in substitution for forms MRP-1 and MRP-2 provided the format of the report and data fields contained within the report are identical to the claim forms included in these instructions. The claim forms provided with these instructions should be duplicated and used by the claimant to file estimated or reimbursement claims. The State Controller's Office will revise the manual and claim forms as necessary. In such instances, new replacement forms will be placed on the Internet for immediate access by claimants.

A. Form MRP-2, Component/Activity Cost Detail

This form is used to segregate the detailed costs by claim component. A separate form MRP-2 must be completed for each cost component being claimed. Costs reported on this form must be supported as follows:

1) Salaries and Benefits

Identify the employee(s) and/or show the classification of each employee(s) involved. Describe the mandated functions performed by each employee and specify the actual time spent, the productive hourly rate, and related fringe benefits.

Reimbursement of personnel services includes compensation paid for salaries, wages, and employee fringe benefits. Employee fringe benefits include regular compensation paid to an employee during periods of authorized absences (e.g. annual leave, sick leave) and the employer's contribution to social security, pension plans, insurance, and workers' compensation insurance. Fringe benefits are eligible for reimbursement when distributed equitably to all job activities that the employee performs. However, benefit rates must be itemized.

Source documents required to be maintained by the claimant may include, but are not limited to, employee time records that show the employee's actual time spent on this mandate.

2) Materials and Supplies

Only expenditures that can be identified as a direct result of this mandate may be claimed. List the cost of materials consumed or expended specifically for the purpose of this mandate. The cost of materials and supplies that are not used exclusively for the mandate is limited to the pro rata portion used to comply with this mandate. Purchases shall be claimed at the actual price after deducting cash discounts, rebates, and allowances received by the claimant. Supplies that are withdrawn from inventory shall be charged based on a recognized method of costing, consistently applied.

Source documents required to be maintained by the claimant may include, but are not limited to, invoices, receipts, purchase orders, and other documents evidencing the validity of the expenditures.

3) Contract Services

Costs incurred for contract services and/or legal counsel that assist in the preparation, submission, and/or presentation of claims are recoverable.

Give the name(s) of the contractor(s) who performed the services. Describe the activities performed by each named contractor, actual time spent on this mandate, inclusive dates when services were performed, and itemize all costs for services performed. Attach consultant invoices with the claim.

Source documents required to be maintained by the claimant may include, but are not limited to, contracts, invoices, and other documents evidencing the validity of the expenditures.

Limitation on reimbursement for independent contractor costs for the preparation and submission of reimbursement claims.

- (a) If a local agency contracts with an independent contractor for the preparation and submission of reimbursement claims, the costs reimbursable by the state for that purpose shall not exceed the lesser of (1) 10 percent of the amount of the claims prepared and submitted by the independent contractor, or (2) the actual costs that would necessarily have been incurred for that purpose if performed by employees of the local agency.

The maximum amount of reimbursement provided for an independent contractor may be exceeded only if the local agency establishes, by appropriate documentation and governing board certification, that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the local agency.

- (b) Costs incurred for contract services and/or legal counsel that assist in the preparation, submission, and/or presentation of claims are recoverable within the limitations imposed under (a). above. Provide copies of the invoices and/or claims that were paid. For the preparation and submission of claims pursuant to Government Code Sections 17561 and 17564, submit an estimate of the actual costs that would have been incurred for that purpose if performed by employees of the local agency. This cost estimate is to be certified by the governing body or its designee.

If reimbursement is sought for independent contractor costs that are in excess of **[Test (1)]** ten percent of the claims prepared and submitted by the independent contractor or **[Test (2)]** the actual costs that necessarily would have been incurred for that purpose if performed by employees of the local agency, appropriate documentation must be submitted to show that the preparation and submission of these claims could not have been accomplished without the incurring of the additional costs claimed by the local agency. Appropriate documentation includes the record of dates and time spent by staff of the contractor for the preparation and submission of claims on behalf of the local agency, the contractor's billed rates and an explanation of reasons for exceeding Test (1) and/or Test (2). In the absence of appropriate documentation, reimbursement is limited to the lesser of Test (1) and/or Test (2). No reimbursement shall be permitted for the cost of contracted services without the submission of an estimate of actual costs by the local agency.

4) Training

(a) Classes

Include the cost of classes designed to assist the claimant in identifying and correctly preparing state required documentation for specific reimbursable mandates. Such cost includes, but is not limited to, salaries and benefits, transportation, registration fees, per diem, and related costs incurred as a result of this mandate.

(b) Commission Workshops

Participation in workshops convened by the Commission is reimbursable. Such costs include, but are not limited to, salaries and benefits, transportation and per diem. This does not include reimbursement for participation in rulemaking proceedings.

For audit purposes all supporting documents must be retained for a period of two years after the end of the calendar year in which the reimbursement claim was filed or last amended, whichever is later. Such documents shall be made available to the State Controller's Office on request.

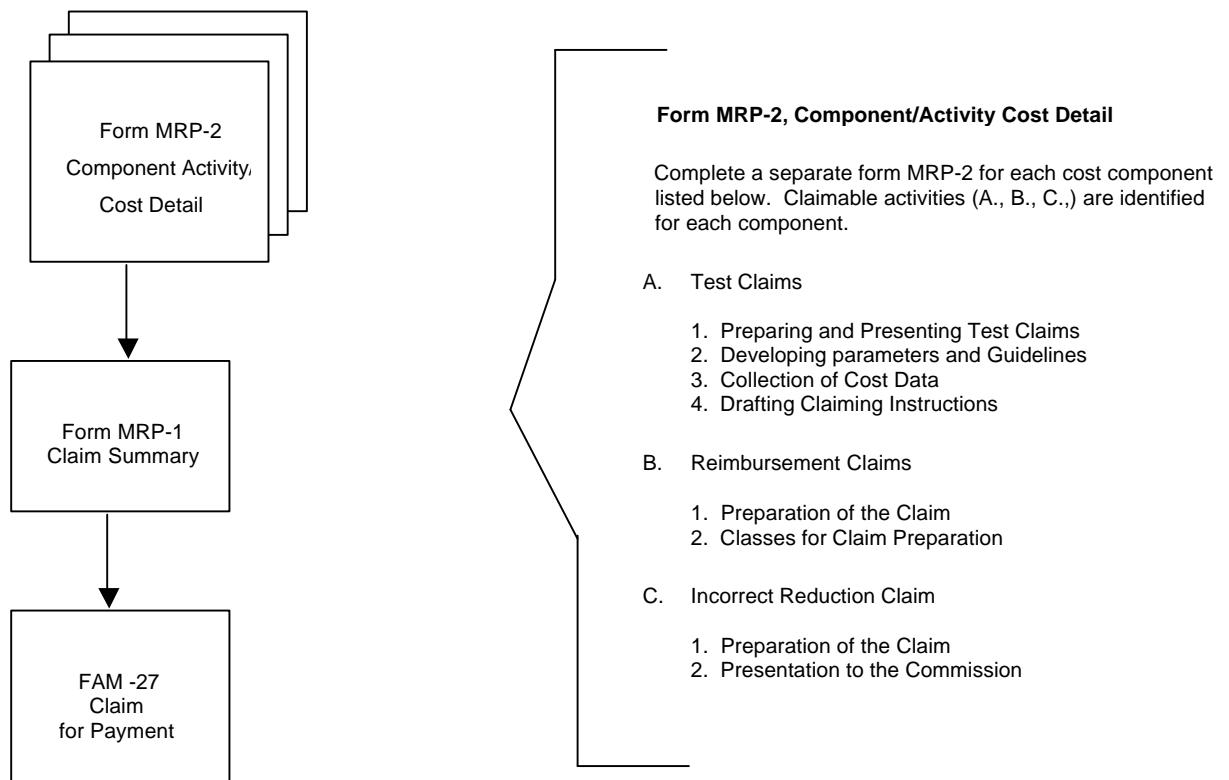
B. Form MRP-1, Claim Summary

This form is used to summarize direct costs by claim component and compute the allowable indirect costs for the mandate. Claim statistics shall identify the work performed for which costs are claimed. The claimant must give the chapter/statute and name of each mandated program. If claiming the cost of a successful test claim or incorrect reduction claim, give the date when the claim was heard by the Commission on State Mandates. Direct costs on this form are derived from form MRP-2 and carried forward to form FAM-27.

Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is involved in the mandated program, each department must have their own ICRP.

C. Form FAM-27, Claim for Payment

This form contains a certification that must be signed by an authorized representative of the local agency. All applicable information from form MRP-1 must be carried forward to this form in order for the State Controller's Office to process the claim for payment.

Illustration of Claim Forms

MANDATED COSTS SENIOR CITIZENS PROPERTY TAX POSTPONEMENT CLAIM SUMMARY		FORM SCPT-1
(01) Claimant	(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/> Entitlement <input type="checkbox"/>	Fiscal Year 19____/19____
Claim Statistics		
(03) Number of Certificates of Eligibility		
(04) Number of Notices of Liens		
(05) Number of Releases of Liens		
(06) Total Number of Documents		
Reimbursement Rate		
(07) Unit Cost:		
Reimbursement Claim: 1998/99 \$10.72		
Estimated Claim: 1999/00 \$10.96		
(08) Total Cost	[Line (06) x line (07)]	
Cost Reduction		
(09) Less: Offsetting Savings, if applicable		
(10) Less: Other Reimbursements, if applicable		
(11) Total Claimed Amount	[Line (08) - {Line (09) + (10)}]	

SENIOR CITIZENS PROPERTY TAX POSTPONEMENT CLAIM SUMMARY Instructions	FORM SCPT-1
---	------------------------------

- (01) Enter the name of the claimant.
- (02) Type of Claim. Check a box, Reimbursement, Estimated, or Entitlement, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.
- Form SCPT-1 must be filed for a reimbursement claim. Do not complete form SCPT-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form SCPT-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.
- (03) Enter the total number of Certificates of Eligibility deposited during the fiscal year claimed. Include only those documents that have been filed and sent to the State Controller's Office during the fiscal year.
- (04) Enter the total number of Notices of Liens completed for senior citizens who obtained a Senior Citizen Tax Postponement Lien on a particular parcel for the first time. Claim only those documents that have been filed and sent to the State Controller's Office during the fiscal year.
- (05) Enter the total number of Releases of Liens completed in order to remove Senior Citizen Tax Postponement Liens. Claim only those documents that have been filed and sent to the State Controller's Office during the fiscal year.
- (06) Add total number of documents from lines (03), (04), and (05).
- (07) Enter the appropriate unit cost rate given for the fiscal year in which costs were incurred or are to be incurred.
- (08) Multiply Total Number of Documents, line (06), by Unit Cost, line (07).
- (09) Less: Offsetting Savings, if applicable. Enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.
- (10) Less: Other Reimbursements, if applicable. Enter the amount of other reimbursements received from any local agency source (i.e., service fees collected, federal funds, other state funds, etc.) which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts.
- (11) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Costs, line (08). Enter the remainder of this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim or Line (13) for the Reimbursement Claim.
- If you are filing an Entitlement Claim, subtract the sum of Offsetting Savings, line (09), and Other Reimbursements, line (10), from Total Cost, line (08). Enter the difference on this line and carry forward to form FAM-43, line (09), (10), or (11) as appropriate.

MANDATED COSTS UNITARY COUNTYWIDE TAX RATE CLAIM SUMMARY					FORM CTR-1	
(01) Claimant		(02) Type of Claim Reimbursement <input type="checkbox"/> Estimated <input type="checkbox"/>		Fiscal Year 19 ____/19 ____		
Claim Statistics						
(03)(a) Total cost of preparing and mailing tax bills to properties in the 1986/87 fiscal year which were subsequently identified for assessment utilizing a unitary tax rate						
(b) Number of unitary tax bills mailed in the fiscal year of claim						
Direct Costs		Object Accounts				
(04) Reimbursable Components:		(a) Salaries	(b) Benefits	(c) Services and Supplies	(d) Fixed Assets	(e) Total
1. Tax Bill Issuance						
2. Annual Computation of Tax Rates						
3. Tax Roll Processing						
4. Allocation Formulas and Revenue Distribution						
5. Error Corrections						
6. Research and Explanations						
(05) Total Direct Costs						
Indirect Costs						
(06) Indirect Cost Rate [From ICRP]					%	
(07) Total Indirect Costs [Line (06) x line (05)(a)] or [Line (06) x {line (05)(a) + line (05)(b)}]						
(08) Total Direct and Indirect Costs: [Line (05)(e) + line (07)]						
Cost Reduction						
(09) 1986/87 Base Year Cost [From line (03)(a)]						
(10) Change in the Implicit Price Deflator [Enter the factor shown on back of this page]						
(11) Subtotal [Multiply line (09) by line (10)]						
(12) Increased Costs [Subtract line (11) from line (08)]						
(13) Less: Offsetting Savings, if applicable						
(14) Less: Other Reimbursements, if applicable						
(15) Total Claimed Amount [Line (12) - {line (13) + line (14)}]						

UNITARY COUNTYWIDE TAX RATE CLAIM SUMMARY Instructions	FORM CTR-1
---	-----------------------------

(01) Enter the name of the claimant.

(02) Type of Claim. Check a box, Reimbursement or Estimated, to identify the type of claim being filed. Enter the fiscal year for which costs were incurred or are to be incurred.

Form CTR-1 must be filed for a reimbursement claim. Do not complete form CTR-1 if you are filing an estimated claim and the estimate does not exceed the previous fiscal year's actual costs by more than 10%. Simply enter the amount of the estimated claim on form FAM-27, line (07). However, if the estimated claim exceeds the previous fiscal year's actual costs by more than 10%, form CTR-1 must be completed and a statement attached explaining the increased costs. Without this information the high estimated claim will automatically be reduced to 110% of the previous fiscal year's actual costs.

(03) (a) Enter the total cost of preparing and mailing tax bills to properties in the 1986/87 fiscal year which were subsequently identified for assessment utilizing a unitary tax rate.

(b) Enter the number of unitary tax bills mailed in the fiscal year of claim.

(04) Reimbursable Components. For each reimbursable component, enter the totals from form CTR-2, line (05) columns (d), (e), (f), and (g) to form CTR-1, block (04) columns (a), (b), (c), (d), and (e) in the appropriate row. Total each row.

(05) Total Direct Costs. Total columns (a) through (e).

(06) Indirect Cost Rate. Indirect costs may be computed as 10% of direct labor costs, excluding fringe benefits. If an indirect cost rate of greater than 10% is used, include the Indirect Cost Rate Proposal (ICRP) with the claim. If more than one department is reporting costs, each must have their own ICRP for the program.

(07) Total Indirect Costs. Multiply Total Salaries, line (05)(a) by the Indirect Cost Rate, line (06). If both salaries and benefits were used in the distribution base for the computation of the indirect cost rate, then multiply total Salaries and Benefits, line (05)(a) and line (05)(b) by the Indirect Cost Rate, line (06).

(08) Total Direct and Indirect Costs. Enter the sum of Total Direct Costs, line (05)(e) and Total Indirect Costs, line (07).

(09) Enter the amount from line (03)(a), the 1986/87 Base Year Cost.

(10) Change in the Implicit Price Deflator. Enter the adjustment factor of 1.338 for the 1998-99 fiscal year.

(11) Subtotal. Multiply line (9) by line (10).

(12) Increased Costs. Subtract line (11) from line (08).

(13) Less: Offsetting Savings, if applicable. Enter the total savings experienced by the claimant as a direct result of this mandate. Submit a detailed schedule of savings with the claim.

(14) Less: Other Reimbursements, if applicable. Enter the amount of other reimbursements received from any source, (i.e., service fees collected, federal funds, other state funds, etc.) which reimbursed any portion of the mandated cost program. Submit a schedule detailing the reimbursement sources and amounts. Since these amended claiming instructions included costs that were previously claimed and paid by the State Controller's Office, monies received by the claimant for the fiscal years 1993-94, 1994-95, 1995-96, 1996-97, and 1997-98 must be shown as an offset on this line, "Less Other Reimbursements," applicable to the fiscal year of costs. This is to avoid a duplication of payment.

(15) Total Claimed Amount. Subtract the sum of Offsetting Savings, line (13) and Other Reimbursements, line (14) from Increased Costs line (12). Enter the remainder on this line and carry the amount forward to form FAM-27, line (07) for the Estimated Claim, or line (13) for the Reimbursement Claim.